

# IT Sourcing Best Practices & *The Basic Rules that Go Along with It*



# Introduction

- Ceotrid Gilbert: IT Acquisitions Consultant
- Matt Limoges: IT Sourcing Section Chief



# Goals of Today

- Determine what IT is
- Calm the scare factor
- Establish some basic rules of IT procurement
- Provide resources for IT procurement



# What is Information Technology?

***EVERYTHING!***



# Calm the Scare Factor



**IT is everywhere.  
It touches everything we do...  
So why are people so afraid of it?**

# Basic Rules of IT Procurement

- **Rule #1:** Do not be intimidated
- **Rule #2:** Determine what the data is and what protections you need to build into the deal
- **Rule #3:** Ask Questions



# Basic Rules of IT Procurement



## **Rule #1: Do not be Intimidated**

- How many of us have had a conversation with a technical resource that went like this:

# Rule #1: Do Not Be Intimidated

## IT Product

- **Perpetual Software**
  - Upfront purchase that can benefit the user for a specific amount of time
  - Requires maintenance to make sure the software is up to date and at its most useful

## Non-IT Analogy

- **Shovel**
  - Dig it?
  - Upfront purchase that can benefit the user, until the shovel breaks
  - Requires maintenance to sharpen the blade, replace the handle, etc.



# Rule #1: Do Not Be Intimidated

## IT Product

- **Subscription Software**
  - Recurring cost for something useful
  - Maintenance is often built into the cost
  - Once you cancel the subscription you have no asset

## Non-IT Analogy

- **Car Lease**
  - Recurring cost for something useful
  - Maintenance is often built into the cost
  - If you miss a lease payment, or want to go get a different car, there is no asset to offload



# Rule #1: Do Not Be Intimidated

## IT Term

- **Service Level Agreement**
  - IT Service is required to have a certain amount of uptime or quality

## Non-IT Analogy

- **Lawn Mowing Service**
  - If lawn is not mowed...
    - We don't pay

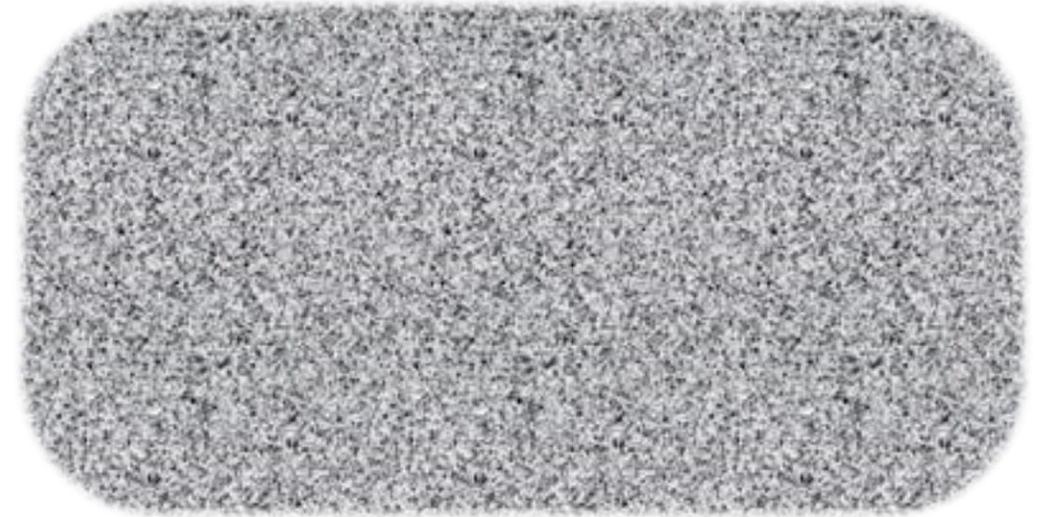


# Rule #1: Do Not Be Intimidated

## IT Term

- **Data**
  - Okay...
    - Let's talk about data

## Non-IT Analogy



## Rule #2:

Determine what the data is and what protections you need to build into the deal



- What is data and what are people doing with it?
- Why do we care about data?

# Rule #2:

Determine what the data is and what protections you need to build into the deal



- Know the data involved in the deal
  - Authorized data actions:
    - Access
    - Use
    - Store
    - Process
    - Transmit
  - Sensitive or non-sensitive
  - Business risk of loss
  - Unauthorized data actions

# Rule #2:

Determine what the data is and what protections you need to build into the deal



## Prevent

- Sequester sensitive vs. non-sensitive data
- Ensure solutions meet minimum security requirements
  - Agencies have their own Chief Information Security Officers (CISOs)
- Require companies to meet minimum security requirements based on the type of data in question

# Rule #2:

Determine what the data is and what protections you need to build into the deal



## Protect

- Build financial considerations into the document in the event of a breach
  - Liquidated Damages
    - Per line of data, you owe us \$\$\$
- Ensure the proper level of cyber-liability insurance is carried by your suppliers

# Rule #2:

Determine what the data is and what protections you need to build into the deal



- Bring the data home
  - We want our data!
  - Tell the timeline in which data will be returned and what format it will be returned in
- What can your data do for you?
  - Help transition into the next contract
  - Better inform your next contract decisions

# Rule #3: Ask Questions!

- Forest through the trees
- Technical staff get so focused on the details surrounding their work they sometimes overlook basic considerations of the contract
- Example:
  - Physical considerations requiring additional seating for the contracted staff



# Rule #3: Ask Questions!



- What is your 30-second description of what you are procuring?
  - Who
  - What
  - Where
  - When
  - Why

# Rule #3: Ask Questions!

- Focus your questions on the things that the procurement function deals with:
  - Right price
  - Right time
  - Right product
  - What does acceptance look like?
  - What does success look like?



# Rule #3: Ask Questions!

## Payment Structure

### Time and Materials

*Example: Staff augmentation, paid hourly*

- **Pros:** Pay for what you use
- **Cons:**
  - Requires additional management to ensure time is not being abused

### Deliverables-Based Payments

*Example: System implementation with milestones*

- **Pros:** Pay for what is done, when it is done
- **Cons:**
  - Contractors do not like this arrangement
  - What happens if the milestones don't make a solid system?

# Rule #3:

- What type of license?
  - Workstation
  - Concurrent use
  - Site/Enterprise
  - Volume
  - Server (network)
  - Seat
  - Processor



# Resources to Move Forward



- [PRO-508](#), Information Technology (IT) and Telecommunications Procurements
- Enterprise IT Sourcing Staff
- Division of Enterprise Technology Staff
- [VendorNet](#)
  - When in doubt, there is probably a contract that covers what you need

# Wrap Up

- IT is Everywhere
- IT is Everything
- Basic Rules of IT Procurement:
  - **Rule #1:** Do not be intimidated
  - **Rule #2:** Determine what the data is and what protections you need to build into the deal
  - **Rule #3:** Ask questions!
- Available Resources



# Questions?

*Or have you already broken Rule #3?*

